

## SENATE BILL No. 430

### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 30-2-12.5.

**Synopsis:** State grants to community foundations. Provides state donations and matching grants to community foundations. Appropriates \$1,000,000 from the state general fund for distribution to the permanent endowment of community foundations in each county, with income from the investment of 25% of the money to be used for purposes of community scholarship foundations (such as Dollars for Scholars organizations) and 75% to be used for the general charitable purposes of the community foundation. Provides for administration by the treasurer of state with assistance from an organization that assists community foundations. Provides various methods of allocating money that is not claimed by an eligible community foundation.

**Effective:** July 1, 2001.

**Riegsecker**

January 18, 2001, read first time and referred to Committee on Education.



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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## SENATE BILL No. 430

A BILL FOR AN ACT to amend the Indiana Code concerning community organizations and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 30-2-12.5 ADDED TO THE INDIANA CODE AS  
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2001]:  
4 **Chapter 12.5. State Matching Grants for Community**  
5 **Foundations**  
6 **Sec. 1. As used in this chapter, "community foundation" refers**  
7 **to a community foundation established in Indiana under**  
8 **IC 30-2-12.**  
9 **Sec. 2. As used in this chapter, "community foundation share"**  
10 **means the total amount of money that one (1) community**  
11 **foundation is entitled to receive under this chapter.**  
12 **Sec. 3. As used in this chapter, "community scholarship**  
13 **foundation" means an organization that meets the following**  
14 **criteria:**  
15 **(1) Is a nonprofit organization described in Section 501(c)(3)**  
16 **of the Internal Revenue Code and is exempt from taxation**  
17 **under Section 501(a) of the Internal Revenue Code (or meets**



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1 this criteria through affiliation with a state or national  
2 organization that meets this criteria).

3 (2) Is formed for the purpose of providing scholarships for  
4 students to attend institutions of higher education. The  
5 organization may provide academic support for residents of  
6 the community served by the organization.

7 (3) Solicits broad based community support for the  
8 organization's academic support and fundraising activities.

9 (4) Is broadly representative in the organization's volunteer  
10 operated structure of the community where it is located and  
11 has a board of directors that includes a variety of leaders  
12 from community organizations and residents of the  
13 community.

14 (5) Awards scholarships for postsecondary education without  
15 regard to the recipient's age, sex, marital status, race, creed,  
16 color, religion, national origin, or disability.

17 Sec. 4. As used in this chapter, "county share" means the total  
18 amount that all community foundations in a county are entitled to  
19 receive under this chapter.

20 Sec. 5. The treasurer of state shall do the following:

21 (1) Before August 1, 2001, determine the county share for  
22 each county. The county share is the percentage that the  
23 population of the county bears to the population of Indiana  
24 applied to the total amount available for distribution under  
25 this chapter.

26 (2) Before August 1, 2001, determine the community  
27 foundation share by dividing the county share among all  
28 community foundations in a county in proportion to the  
29 population of the geographic territory that each community  
30 foundation serves.

31 (3) Until June 30, 2005, if there is no community foundation  
32 in a county, hold the county share for that county until a  
33 community foundation is established in the county.

34 (4) Until June 30, 2005, distribute a community foundation's  
35 share to the community foundation as follows:

36 (A) Distribute twenty percent (20%) with no required  
37 match.

38 (B) Distribute eighty percent (80%) over a period as  
39 provided in this subdivision. At least twice in a calendar  
40 year, as a community foundation matches two (2) state  
41 dollars of the community foundation's share with one (1)  
42 locally raised foundation dollar, distribute the community

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foundation's share to the community foundation.

(C) The distributions under clauses (A) and (B) must occur according to a schedule that:

(i) the treasurer of state develops in conjunction with the nonprofit organization described in section 7 of this chapter; and

(ii) is structured to provide the maximum incentive to community foundations.

(5) Until June 30, 2005, invest any amounts held under subdivision (3) or not distributed under subdivision (4) and use the interest from this investment for the following purposes:

(A) To pay the treasurer of state's expenses in administering this chapter.

(B) To pay reasonable administrative expenses related to this chapter of the organization described in section 7 of this chapter.

(C) After paying the amounts required under clauses (A) and (B), distribute annually the remainder to a nonprofit Indiana statewide community scholarship foundation organization having affiliates that are community scholarship foundations. A statewide organization receiving a distribution under this clause must deposit the amount received in the permanent endowment fund of the statewide organization.

(6) On July 1, 2005, distribute any amounts:

(A) held under subdivision (3); or

(B) not distributed to a community foundation under subdivision (4);

to the organization described in section 7 of this chapter.

Sec. 6. A community foundation that receives a distribution under this chapter must do the following:

(1) Hold twenty-five percent (25%) of the amount received in a permanent endowment fund of the community foundation.

(2) Distribute interest received from the investment of the amount described in subdivision (1) to community scholarship foundations that operate within the geographic territory of the community foundation.

(3) Hold seventy-five percent (75%) of the amount received in a permanent endowment fund of the community foundation.

(4) Use interest received from the investment of the amount described in subdivision (3) to support the charitable purposes

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and general operations of the community foundation.

Sec. 7. (a) The treasurer of state shall request assistance in the administration of this chapter from one (1) nonprofit organization that oversees and gives technical assistance to other nonprofit foundations, including community foundations. The organization shall advise the treasurer of state on all matters relevant to the administration of this chapter, including the eligibility of community foundations for distributions.

(b) An organization described in subsection (a) that receives a distribution under section 5(6) of this chapter must:

(1) deposit the amount received in a temporary endowment fund; and

(2) until June 30, 2009, distribute amounts from the temporary endowment fund to community foundations in the same manner that amounts are distributed under section 5(4) of this chapter.

On July 1, 2009, any amounts in the temporary endowment fund become the property of the organization for placement in the organization's permanent administrative fund.

Sec. 8. A foundation that receives a distribution under this chapter for placement in the permanent endowment fund of the foundation must return the amount received under this chapter to the state general fund if the community foundation:

(1) loses the foundation's status as a public charitable organization;

(2) is liquidated; or

(3) violates any provision of this chapter concerning the endowment.

SECTION 2. [EFFECTIVE JULY 1, 2001] (a) There is appropriated from the state general fund one million dollars (\$1,000,000) to the treasurer of state to carry out IC 30-2-12.5, as added by this act, beginning July 1, 2001, and ending June 30, 2002.

(b) This SECTION expires July 1, 2002.

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